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REPORT

TO THE

SENATE COMMITTEE ON THE BUDGET

PURSUANT TO

SECTION 301(c) OF THE
CONGRESSIONAL BUDGET AND IMPOUNDMENT
CONTROL ACT OF 1974

FROM THE

COMMITTEE ON
ENVIRONMENT AND PUBLIC WORKS

FEBRUARY 25th REPORT

FEBRUARY 1986

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on Environment and Public Works

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LETTER OF TRANSMITTAL

U.S. SENATE,
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS,
Washington, DC, February 25, 1986.

Hon. PETE V. DOMENICI,
Chairman, Committee on the Budget,
U.S. Senate, Washington, DC

Hon. LAWTON CHILES,
Ranking Member, Committee on the Budget,
U.S. Senate, Washington, DC

DEAR PETE AND LAWTON: On behalf of the Committee on Environment and Public Works, we transmit our annual report on the President's budget request, as required by the Congressional Budget Act of 1974.

This report results from a careful examination of all of the programs within the Committee's jurisdiction. The Committee held three days of hearings to review the requests of the Environmental Protection Agency, the Nuclear Regulatory Commission, and the Fish and Wildlife Service. In addition, we received written testimony and budget submissions from all of the other agencies within our jurisdiction.

No committee of the Senate or the House is more sensitive to the need for a successful conclusion to the budget process for the coming fiscal year. None of the programs within our jurisdiction are protected from the across-the-board reductions that may result, if the budget process fails. Therefore, we are committed to working with you to accomplish significant deficit reductions.

As you will recall, last year this Committee exceeded, by several hundred million dollars, the budget reductions that were required of us in the reconciliation instructions. Although reconciliation has not been adopted by the Congress as yet, we insisted that our savings be incorporated in the transportation appropriations so they have actually been realized in this fiscal year.

Looking to the budget requests of our agencies in the 1987 fiscal year, we have taken the CBO current services estimates as a baseline according to the instructions in your letter of February 13, 1986. We believe that significant savings can be made against that baseline, as we have outlined in the attached report. The Committee has already reported—and in some cases the Senate has adopted—legislation that can guide the budget process in many areas. These bills include reauthorization of Superfund and the Clean Water Act and an omnibus water resources bill. In addition, we expect that the Committee will be reporting a new highway program early in this session of the Congress.

We hope that the recommendations in the attached Committee report will prove useful to you and other members of the Budget Committee, as you prepare the budget resolution for fiscal year 1987. As we have in the past, we stand ready to assist you in your efforts to reduce the budget deficit facing the Nation.

Sincerely,

ROBERT T. STAFFORD,
Chairman.

LLOYD BENTSEN,
Ranking Member.

PROGRAMS WITHIN THE JURISDICTION OF THE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS, FISCAL YEARS 1986 AND 1987

New Budget Authority

[In millions of dollars]

	1986 appropriation [1]	1987 current services	1987 committee recommendation
Direct spending: Federal Highway Administration [2]	$13,200.0	$13,500.0	$13,200.0
Appropriated programs:			
Environmental Protection Agency:			
Operating budget	1,426.1	1,479.0	1,479.0
Construction grants	[3] 574.2	2,505.0	[4] 2,400.0
Superfund	861.3	904.0	[5] 1,500.0
Corps of Engineers	2,785.0	2,983.0	2,856.0
Nuclear Regulatory Commission	400.0	416.0	416.0
Fish and Wildlife Service [6]	584.0	605.0	605.0
Tennessee Valley Authority	100.0	104.0	104.0
Council on Environmental Quality	.67	.7	.82
Disaster relief	[7] 96.0	121.0	100.0
Kennedy Center	5.0	5.0	5.0
Water resources research	12.2	12.7	12.7

[1] Appropriations for 1986 are after the 4.3-percent reduction required according to the provisions of Public Law 99–177.

[2] Amounts for the Federal Highway Administration reflect all spending from the Highway Trust Fund including amounts outside the obligation limitation. However, these figures are not budget authority.

[3] Both the appropriation for 1986 and the President's budget request for 1987 include a supplemental of $1.8 billion for the 1986 fiscal year.

[4] The $2.4 billion recommendation for fiscal year 1987 reflects the authorization levels in S. 1128 which was adopted by the Senate and is pending in conference committee.

[5] The recommendation of $1.5 billion for fiscal year 1987 reflects the authorization levels in S. 51 (H.R. 2005) of $7.5 billion over five years which has been adopted by the Senate.

[6] The budget authority figures for the Fish and Wildlife Service reflect only those accounts which are within the Committee's jurisdiction and not the entire F&WS program.

[7] The President has requested a supplemental appropriation of $250 million for disaster assistance for fiscal year 1986.

FEDERAL HIGHWAY ADMINISTRATION

The Committee's fiscal year 1987 recommendation for the Federal-Aid highway program is $13.2 billion in spending authority. Amounts for the Federal-Aid highway program reflect all spending from the Highway Trust Fund including amounts outside the obligation limitation. However, these figures are not budget authority.

The recommended level for fiscal year 1987 represents the same level of spending authority available in fiscal year 1986 and represents a decrease of $1.4 billion over fiscal year 1986 budget authority. The Federal-Aid highway program is authorized by the Surface Transportation Assistance Act (STAA) of 1982 through fiscal year 1986. Congress must pass a highway authorization bill in order for the Federal-Aid highway program to continue after October 1, 1986.

The President's budget request for fiscal year 1987 contains $12.8 billion in budget authority, with an obligation limitation of $12.4 billion. There is $400 million available in budget authority not subject to the obligation limitation. Emergency relief and minimum allocation are the two categories not subject to the obligation limitation. The Administration has transmitted a bill to Congress to reauthorize the highway program for fiscal years 1987 through 1990.

Members of the Committee intend to introduce legislation shortly which will be used as the basis to reauthorize the highway program for fiscal years 1987 to 1990.

The Federal-Aid highway program is funded 100 percent through highway user fees which accrue to the Highway Account of the Highway Trust Fund and can only be spent for highway purposes. As of December 31, 1985, the balance in the Highway Account was $9.2 billion. The Treasury Department estimates that receipts into the Highway Account will total approximately $12.9 billion in fiscal year 1986. This amount will increase to a level of approximately $13 billion by 1990.

The STAA of 1982 provided significantly increased funding for needed rehabilitation and construction of highways and bridges and raised highway user fees to provide the necessary financing. It is the Committee's intention that the Federal-Aid highway program be funded at a level which utilizes the balance in the Highway Account and anticipated revenue receipts.

The Committee believes that at a minimum current spending levels for the highway program should be maintained. During consideration of reauthorization legislation, the Committee will carefully review the appropriate authorization level for the program.

ENVIRONMENTAL PROTECTION AGENCY

Summary

The budget of the Environmental Protection Agency has three major elements: the operating budget; the wastewater treatment construction grants program; and the Superfund program.

The Committee is recommending new budget authority of $1.479 billion for the operating program for fiscal year 1987. This is less than the Congress actually appropriated for fiscal year 1986, but matches a current services level after the sequester required by P.L. 99-177. For Superfund and the construction grants program, the Committee recommendations are based on reauthorization proposals that have already been adopted by the Senate. S. 1128 provides for $2.4 billion for construction grants. S. 51 (H.R. 2005), as adopted by the Senate, included a five-year, $7.5 billion reauthorization of the Superfund program. The Committee is recommending $1.5 billion in new budget authority for Superfund in 1987. Although this amount is above the current services level, it is important to note that Superfund is financed by a dedicated tax.

Operating Budget

The Environmental Protection Agency has regulatory and research responsibilities for several significant programs under the Committee's jurisdiction. Among the statutes administered by the Agency are the Clean Air Act, the Clean Water Act, the Safe Drinking Water Act, the Toxic Substances Control Act, the Solid Waste Disposal Act including the amendments made by the Resource Conservation and Recovery Act, and the Marine Protection, Research, and Sanctuaries Act.

For fiscal year 1986 the Congress appropriated $1.490 billion for the EPA operating budget. This amount was reduced to $1.426 billion as a result of the sequester required by the Balanced Budget and Emergency Deficit Reduction Act of 1985. In hearings before the Committee the Administrator of EPA indicated that the budget sequestration will be implemented at the program level which means a 4.3-percent reduction will be applied to each of about 260 program line items. The Administrator also indicated that no personnel will be terminated, nor will any congressionally established deadlines be missed, as a result of the first sequester under P.L. 99-177.

For fiscal year 1987 the President is recommending an operating budget of $1.376 billion. This is $50 million or 3 percent less than is available to the Agency in 1986. The Agency's request for 1987, submitted to the President last fall, was some $230 million more than the President's budget submission to the Congress. The reduc-

tions from the $1.606 billion actually sought by the Agency did not fall on one or a few programs, but were spread evenly across the Agency.

The Committee's recommendation for fiscal year 1987 is $1.479 billion in new budget authority for the operating programs. This amount is equivalent to the 1986 appropriation, including the sequester, extended at current services levels into the new fiscal year. Although the Committee will not make a complete recommendation as to the allocation of the funds that are recommended above the request at this time, the Committee does include the following comments on specific aspects of the operating budget as a part of its recommendation.

Asbestos-in-Schools

The President's budget request proposes a termination of the grants and loans that have been made available to schools for the abatement of asbestos hazards in school buildings. The asbestos-in-schools program was recently transferred from the Department of Education to the Environmental Protection Agency where approximately $50 million per fiscal year has been dedicated to grants, loans, and technical assistance to abate asbestos hazards. Testimony before the Committee in the first session of this Congress by Jack Moore, Assistant Administrator for Pesticides and Toxic Substances at EPA, indicated that asbestos is one of the most clearly identified threats to public health in the United States. That this threat continues to confront the Nation's school children daily, after years of congressional effort to mitigate the problem, has prompted the Committee to assert again the sense of the Congress that the asbestos-in-schools program should be a high priority at the Environmental Protection Agency.

The Committee specifically recommends that the grants and loans under the asbestos-in-schools program be funded in fiscal year 1987 at least at the levels that were available in fiscal years 1985 and 1986.

Radon

Radon has emerged as a growing national public health issue. Federal estimates place the number of Americans exposed to dangerous levels of radon in their homes at six million or more and the number of lung cancer deaths occurring each year due to radon exposure as high as 30,000. The Committee believes that radon programs at EPA should be funded in accordance with the emphasis given the program by the Administrator in his budget submission to the President.

In fiscal year 1986, EPA projects expenditures of $4,490,000 on radon research and mitigation work. The expenditures are allocated as follows: $330,000 for research on the health effects of radon exposure; $1,170,000 for studies of risk assessment and exposure assessment; $2,760,000 for mitigation research and demonstration projects; and $230,000 for dissemination of information to the public.

The Committee recommends a funding level for fiscal year 1987 consistent with expenditures for 1986. This funding will allow EPA

to continue its effort on radon, assessing the extent of the problem nationally, improving mitigation techniques, providing technical guidance to the States, and providing information to the public. An increase in the staff allotment commensurate with these tasks is in order. A level of 27 FTE is recommended. The Committee believes that this work is important and should be carried out as initiated in 1986.

Nonpoint Source Pollution

The Committee wishes to assure that the Agency has the resources that it needs to carry out its policy on nonpoint sources of pollution to the Nation's surface waters.

Nonpoint pollution is identified in a recent major report of the Association of State and Interstate Water Pollution Control Administrators as the cause of water use impairments in about one-quarter of the assessed rivers, streams, and lakes in the Nation.

Increased resources should be made available to provide technical assistance to the States to develop programs to control nonpoint pollution in priority waters. S. 1128, legislation to reauthorize the Clean Water Act which was reported by the Committee and adopted overwhelmingly by the Senate, contains specific and substantial authorizations for this purpose.

The Committee recommends that resources sufficient to support the original EPA request of 30 FTE and $2 million in contract authority for fiscal year 1987 be made available to implement the nonpoint source pollution control program.

Drinking Water

The Committee has reported and the Senate has passed, S. 124, legislation to reauthorize the Safe Drinking Water Act. This bill will require the Agency to adopt maximum contaminant levels for 83 drinking water contaminants within a three-year period. Once established at the national level, MCLs are actually implemented by the 60,000 public water supply systems that provide drinking water for the American public.

Many of these water supply systems are small and technically unsophisticated operations owned and managed by municipal governments. Their capacity to monitor for the new MCLs is doubtful and thus, the Senate bill contains substantial authorizations for technical assistance.

One program of technical assistance to small water suppliers, the National Rural Water Association, is already in place. This organization, which has chapters in more than 30 States, provides the technically qualified "circuit riders" that are supported by the Senate reauthorization and which are necessary to make the drinking water program an effective element in public health protection for millions of Americans.

The President's budget request for the Environmental Protection Agency for fiscal year 1987 proposes a termination of the grant to the National Rural Water Association. The Committee, however, recommends that this grant be continued at levels made available by the 1986 appropriation, $2.1 million.

Research and Development

The research and development program serves two important functions. It provides necessary information to the Agency to enable the establishment of standards under various laws and develops information needed to identify emerging environmental problems.

The fiscal year 1987 request for the EPA research and development program represents a 5-percent decrease below the fiscal year 1986 levels and is still under the 1981 levels—when Superfund was not included. The Committee recommends that funding be continued at the level provided in 1986.

The Committee remains concerned about the lack of stability reflected in funding to the research and development program. Particularly affected are projects not directly linked to standard setting efforts. There is a 21-percent proposed reduction to interdisciplinary research. This program contains the Agency's long-term and exploratory research efforts including grants to the Centers of Excellence. There is a role for basic research in EPA's mission that should be fully supported. The Committee urges the Agency to adopt a more coherent planning effort to provide stability to long-term anticipatory research.

Underground Injection Control

The underground injection control (UIC) program was established under the Safe Drinking Water Act (SDWA) to protect underground drinking water sources from contamination through subsurface injection of hazardous and nonhazardous waste. EPA estimates that approximately 60 percent of the hazardous waste produced annually is disposed of by this method.

States have been encouraged to assume primacy for the UIC program because implementation and enforcement of such programs, requiring site-specific permit evaluations and a regular enforcement presence in the field, is most effective at the State level. At the end of 1985, 33 States had achieved full primacy and 5 had partial primacy for their UIC programs.

The first priority for States assuming primacy has been the permitting of injection wells. As permitting activities decrease, enforcement activities become essential to the assurance of permit compliance. State program officials have alerted the Committee to the fact that the existing budget does not provide adequate assistance to the States, on a matching basis, to establish consistent and effective enforcement programs.

The President's budget request of $8.5 million for 1987 represents a $600,000 decrease in program grants funding from 1986, while the enforcement workload has increased. The Committee believes that effective state UIC programs are essential to the prevention of groundwater contamination from these potential sources. The Committee recommends that $9.5 million be made available in 1987 for UIC program grants.

WASTEWATER TREATMENT CONSTRUCTION GRANTS

The wastewater treatment construction grants program is authorized by title II of the Clean Water Act. When the program was last reauthorized in 1981, Congress was able to significantly reduce the long-run Federal share of the program by limiting categories of eligible construction and cutting the matching rates. These steps were taken at the request of the Administration and as a result the projected needs for Federal funds in the program were reduced to approximately $24 billion for the following 10-year period (1982–1991). There was an explicit commitment by the Administration that it would support an annual appropriation of $2.4 billion over the entire 10-year period to meet these projected needs. That commitment was most recently restated before the Committee by William Ruckelshaus at the Committee's hearing on the 1985 budget request (at page 548).

> * * * I think that while there may be some at OMB who would prefer not to see this kind of program continue, I have not run in personally to those people at OMB, and there is an understanding that there is an agreement with the administration with the Congress that for 10 years this level of funding, at least, is a commitment. If you will note the difference between what we submitted to the President in terms of our budget and what we are now requesting is somewhat less. We went down to $2.37 billion, and it went back up to $2.4 billion as a result of that commitment. That was something the administration put back into our budget over our submission.

The program reauthorization enacted in 1981 expired on September 30, 1985. Both the Senate and the House of Representatives have passed legislation to reauthorize the Clean Water Act (H.R. 8, S. 1128). Although the conference committee meeting on these bills has not yet reported, both bills provide for $2.4 billion for the construction grants program for fiscal years 1987, 1988, and 1989. The House bill also provides funding during this period for a related revolving loan program.

For fiscal year 1986 the Congress appropriated only $600 million for the construction grants program because the reauthorization had not been signed into law. However, both the 1986 appropriations measure and the President's 1987 budget request make a commitment to a supplemental appropriation of $1.8 billion for fiscal year 1986 as soon as the reauthorization is in place.

The March 1 budget authority sequestration under P.L. 99–177 will reduce new funds available for obligation in 1986 by $25.8 million. Including the expected supplemental appropriation, new budget authority for 1986 will be $2.374 billion.

The President's 1987 budget request includes a proposal to phase-out the construction grants program over a four-year period beginning in fiscal year 1987. Thus, the President has requested only $1.8 billion for 1987; $1.2 billion for 1988; and $0.6 billion for 1989.

The Committee recommends budget authority of $2.4 billion for the wastewater treatment construction grants program in fiscal year 1987 and like amounts in 1988 and 1989 consistent with the

commitments made at the time of the 1981 reauthorization and the legislation that has already been adopted by both the Senate and the House of Representatives in this Congress.

SUPERFUND

The Comprehensive Environmental Response, Compensation, and Liability Act (Superfund) of 1980 authorized a five-year, $1.6 billion program to respond to releases of hazardous substances into the environment. Authority to impose a tax on feedstocks used in chemical manufacturing, which has been the principal source of funds for the program over its first five years, expired on September 30, 1985.

Although both the Senate and the House of Representatives have passed legislation to reauthorize Superfund, a long-term extension of the program has not been signed into law. For fiscal year 1986 the Congress appropriated $900 million for Superfund. This amount will be reduced to $861.3 million as a result of the P.L. 99-177 sequester. However, the 1986 appropriation is not available for obligation until the feedstock or other taxes are authorized to support the trust fund. Therefore, the Environmental Protection Agency has been operating the program with limited funds carried over from 1985.

The Committee is recommending that $1.5 billion be made available for the continued operation of Superfund in 1987. This recommendation is consistent with the Senate's overwhelming approval of a five-year, $7.5 billion reauthorization last year. It is also consistent with the funds assigned to Superfund for 1987 in the fiscal year 1986 budget resolution.

Within the Superfund program, there are three areas of special concern to the Committee:

(1) a direct and increased allocation of funding to the Agency for Toxic Substances and Disease Registry;

(2) a commitment of funds to the fulfillment by the Environmental Protection Agency of its legal obligation to respond to all releases of hazardous substances, without regard to source, on the basis of the threat which is posed to health; and

(3) compliance by the Environmental Protection Agency with its obligation under law to reimburse other Federal agencies for the costs of developing regulations for the assessment of natural resource damages and related activities.

In each of these areas, the Environmental Protection Agency has repeatedly evinced reluctance to comply with the requirements of the law as currently written. In the latter two areas, the Agency sought changes in the law, but these proposals were rejected by the Committee during its development of the comprehensive reauthorization. In the first area—funding for the Agency for Toxic Substances and Disease Registry—it has been necessary in each budget and appropriations cycle for the Congress to act affirmatively to assure adequate funding.

FUNDING FOR ATSDR

The Agency for Toxic Substances and Disease Registry was created by the Superfund law for the express purpose of exercising the

health authorities created under CERCLA, as well as other laws. ATSDR is an independent, coequal agency. While some of its funds are to pass through EPA as part of site-specific responses, the bulk of its funding is to be provided directly for the purpose of supporting broader and more general responsibilities. These include testing of specific chemicals and mixtures, training health professionals, maintenance of computerized and other sources of toxicological information and the creation and maintenance of disease registries. For these purposes and others, ATSDR is to make specific requests directly to the Office of Management and Budget, not to the Environmental Protection Agency. For fiscal year 1987, ATSDR requested $39.78 million, but the submitted budget does not specifically include funds for ATSDR. It is essential that the activities of ATSDR be fully funded. Therefore, of the sums made available for the Superfund program, $39.78 million should be provided directly to ATSDR by appropriation, consistent with the original request.

RESPONSES TO LEAD CONTAMINATION

The Superfund law authorizes governmental responses to all releases of toxic chemicals, even though it is widely and erroneously thought of as a "dumpsite" law. This misinterpretation has been fostered in part by the unwillingness of the Environmental Protection Agency to exercise the full scope of the law's authority. A case in point is its failure to consider responses to some releases of lead, a metal which is of no known nutritional value but toxic in most, and perhaps all, known compounds. Several Senators have complained to members of the Committee of EPA's unwillingness to evaluate lead releases on the basis of the threat posed to human health. One example of the concerns that have been expressed is a letter from Senators Weicker and Kennedy dated December 6, 1985 (reprinted below).

If EPA chooses to respond to releases of lead later rather than sooner on the grounds that other toxic chemicals pose a greater threat to human health, the decision is supported by law. But if the Agency makes such a choice—or more to the point, a decision to not even consider response to such releases—on the grounds that Superfund covers only wastes or dumpsites, it is in violation of both the letter and spirit of CERCLA. Therefore, of the amounts made available for Superfund, some are to be spent evaluating the nature and extent of the threat posed to human health by the releases of lead from building exteriors. In addition, EPA is to assure that all releases, regardless of source or medium, are to be evaluated by the same standard, with none excluded from consideration merely because the Agency may disagree with the congressional decision to make Superfund a broad, rather than a narrow, response program.

U.S. SENATE,
Washington, DC, December 6, 1985.

Hon. ROBERT STAFFORD,
Chairman, Committee on Environment and Public Works,
U.S. Senate, Washington, DC.

DEAR BOB: We are writing to express our concerns regarding the lead poisoning of children from non-industrial paint sources of lead and to support an immediate response by the Environmental Protection Agency to address this major health threat.

Common environmental sources of urban lead poisoning emanate from the deposition of lead based paint chips falling from structures and the long-term accumulation of lead in soil due to gasoline emissions. It is well documented that the poisoning of thousands of children occurs even today from exposure to these sources of lead. To date, the EPA has failed to recognize and take action to address the impact this environmental pollutant has upon our nation's health.

We believe that the EPA, within the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA, or the Superfund program), has jurisdiction and is mandated to participate in eliminating the continued environmental lead poisoning of children. Based on our experience with the EPA Superfund activities in the Northeast, we believe that the Agency has failed to live up to its mandate by refusing to include sites of high lead contamination in the Superfund National Priorities Listing system. Failure to address these environmentally contaminated sites ignores congressional intent to protect the public health.

Our concern for protecting this country's population from lead poisoning is reflected in our amendments to the Senate CERCLA reauthorization bill which authorized the EPA to actively engage in programs directed at clean up of lead contaminated sites. We request your assistance in joining with us to bring this matter to the attention of the EPA.

Sincerely,

EDWARD M. KENNEDY,
LOWELL P. WEICKER, Jr.,
U.S. Senators.

NATURAL RESOURCE DAMAGE ASSESSMENTS

CERCLA requires that regulations for the assessment of damage to natural resources be developed by the Federal Government. This is because responsible parties are liable, not only for the costs of cleanup, but also for the costs of damage done to the environment by releases of hazardous substances. The development of these regulations is, therefore, a prerequisite to the proper implementation of CERCLA. Equally essential to the law's proper implementation is the actual assessment of damages. Yet the Environmental Protection Agency has refused to compensate other agencies for the costs associated with such activities. The law not only contemplates that such costs would be reimbursed, but requires it. Therefore, the Environmental Protection Agency shall, from the sums made available from the Superfund program, provide reimbursement to other agencies for the costs of developing regulations, assessing damages and undertaking the restoration of natural resources.

Congressional concern for the proper development of the natural resource damage claims section of CERCLA is apparent in many communications received by the Committee including the letter from Senators Weicker, Gorton, Cranston, and Wilson dated January 30, 1986 and reprinted below.

U.S. SENATE,
Washington, DC, January 30, 1986.

Hon. ROBERT STAFFORD,
Chairman, Environment and Public Works Committee,
U.S. Senate, Washington, DC.

DEAR SENATOR STAFFORD: We are writing to express our concern for the proper implementation of the natural resource provisions of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA or "Superfund"). CERCLA requires appointed trustees to perform assessments of damages to natural resources resulting from releases of hazardous substances. Such assessments are an integral part of any complete analysis of the health and environmental threats and damages to resources emanating from facilities, including those on the

Environmental Protection Agency's (EPA's) National Priorities List (NPL). CERCLA also directs resource trustees to act, subject to a statute of limitations, to recover damages, including assessment and restoration costs. Assessment and restoration of natural resources for public use complements cleanup of public health threats to comprehensively address releases from waste sites.

In clear and specific language, CERCLA directs EPA to reimburse trustees from Superfund for the costs of natural resource damage assessment and for subsequent restoration. The National Oceanic and Atmospheric Administration (NOAA) is an appointed trustee of affected marine and coastal resources due to its expertise in and authority over such resources. However, except to fund one health-related study, EPA has refused NOAA's requests for assistance in conducting damage assessment, including one for New Bedford Harbor, Massachusetts, that state's number one NPL site. EPA's denial of all such claims will result in NOAA and other Federal trustees performing damage assessments by either diverting funds from other agency programs, or requesting specific funding through the budget process and all of the hurdles.

The issue of natural resource damage assessments and the related efforts to recover assessment costs and damages and to restore damaged resources for public use are important components of CERCLA. Trustees' involvement with various Superfund sites, such as New Bedford, Massachusetts, where PCB's have contaminated fish and shellfish consumed by humans, is critical to protecting public health, the affected habitat and the commercial and recreational utilization of the natural resources. Future work proposed for such sites as Santa Monica Bay, California and Commencement Bay, Tacoma, Washington depends upon a well implemented CERCLA in close coordination to the various resource trustees. We would appreciate your assistance in assuring that NOAA be reimbursed for the cost of fulfilling its role as trustee. Further, we request your assistance in assuring that all trustees be enabled to assess and to restore damaged resources, when appropriate, subject to a more compatible statute of limitations and to cooperate in a timely fashion with EPA and states in cleanups to protect public health. You have our support to produce a strong and comprehensive reauthorization of CERCLA.

Sincerely,

ALAN CRANSTON,
PETE WILSON,
LOWELL P. WEICKER, Jr.,
SLADE GORTON,
U.S. Senators.

WATER RESOURCES DEVELOPMENT

Four water resources programs are within the jurisdiction of the Committee on Environment and Public Works.

1. The U.S. Army Corps of Engineers;
2. Federal water planning activities authorized under the Water Resources Planning Act;
3. The Water Resources Research Act; and
4. Certain small watershed projects undertaken by the Soil Conservation Service of the Department of Agriculture.

For the Corps of Engineers, in fiscal year 1987, the President has requested new spending authority of $3,078,000,000. The President also estimated offsetting receipts of $222 million from existing charges and new users charges which would recover a portion of the expenditures for the maintenance of coastal harbors and increased recreational fees. Thus, new net authority for the Corps in fiscal year 1987 would be $2,856,000,000.

The fiscal year 1987 budget reverses the trend of recent years in water resources development. This is the first year in the past decade in which the President's budget requests an increase in the construction program of the Corps of Engineers. Nevertheless, expenditures on operation and maintenance activities will continue to exceed construction expenditures, as they have since fiscal year 1983.

The President's budget calls for $1,046,000,000 in new budget authority for the Corps' "Construction General" account, plus another $298 million for its Mississippi River and Tributaries Flood Control project (MR & T), $200 million of which would go toward construction. These two accounts provide the following Corps activities: protecting communities against flooding, developing hydropower resources, improving navigation, augmenting water supply, and protecting beaches.

By comparison, the fiscal year 1986 appropriation were $919 million for construction, plus $315 million for MR & T. Thus the fiscal year 1987 request for these two programs is up by $110 million.

The Administration has made it clear that this reversal is tied to anticipated congressional passage of S. 1567, the Water Resources Development Act. This legislation includes the authorization of the new cost sharing formulas and navigation user fees on which the Administration has based its fiscal year 1987 budget request. Should this legislation stall in the Congress this year, the Administration has made clear its intention to revise the Corps budget request at a later date. Such a revision would likely reduce the funding for new construction activities and maintenance.

In the area of water research and Federal water policy coordination, the Administration has placed the accounting of the funds al-

located to the water resources institutes in the budget for the Geological Survey.

The Administration has required $7.2 million for the institutes for the fiscal year 1987 budget. This is a $5 million decrease from the fiscal year 1986 appropriation level of $12.2 million.

COMMITTEE RECOMMENDATIONS

SPENDING LEVELS

The Committee recommends, for fiscal year 1987, a Corps of Engineers program at a level identical to the Administration's dollar request, and a water research program which remains at current services levels. Specifically, this means that the fiscal year 1987 net program levels would be as follows:

Army Corps of Engineers	$2,856,000,000
Water research and Federal water policy coordination	12,700,000

NUCLEAR REGULATORY COMMISSION

SUMMARY

The Committee recommends $416.0 million for salaries and expenses of the Nuclear Regulatory Commission (NRC) for fiscal year 1987. This recommended funding level constitutes a "current services" budget for fiscal year 1987, after taking into account the 4.3 percent sequester in the NRC's fiscal year 1986 budget, as required under P.L. 99-177, and is based upon the assumptions transmitted to this Committee in the February 13, 1986 letter from the Budget Committee. The Committee is not recommending at this time that the NRC increase, or substantially modify the manner in which it assesses license fees pursuant to the Independent Offices Appropriation Act; nor is the Committee prepared to recommend, at this point, that the NRC be granted new or additional authority to assess license fees or user fees, or to employ other alternative approaches to fund NRC activities or programs. These issues will be the subject of a more detailed examination by the Committee upon receipt of a comprehensive report from the NRC on the issue of alternative funding approaches, and will be addressed by the Committee at that time.

BUDGET REQUEST

The Administration has requested $405 million for the Nuclear Regulatory Commission for fiscal year 1987. This amount represents a three percent reduction in the funds appropriated to the Commission for fiscal year 1986 ($418 million), prior to the Gramm-Rudman-Hollings sequester of 4.3 percent. Under Gramm-Rudman-Hollings, the Commission's fiscal year 1986 budget will be reduced by approximately $18 million, the amount of the reduction required as a result of the 4.3 percent sequester, leaving the Commission with approximately $400 million in funds for fiscal year 1986. The $405 million requested for the Commission for fiscal year 1987 represents an increase of approximately one percent over this amount.

In addition, the Administration is proposing that the NRC impose a fee of $500 per million watts of rated thermal capacity on all operating nuclear powerplants, for the purpose of partially recovering the costs to the Federal Government of regulating such plants. The Administration estimates that such a fee will increase receipts by $200 million annually, beginning in 1987. Under the Administration's proposal, it is the Committee's understanding that such receipts would be returned to the General Fund of the Treasury, rather than directly to the Commission as an offset against annual appropriations. [It is not clear whether the Admin-

istration's estimate of the total receipts to be generated under this proposal includes, or is in addition to, the license fees currently assessed by the NRC pursuant to the Independent Offices Appropriation Act. The Committee has been advised that, under this existing authority, the Commission currently assesses approximately $50 to $60 million annually in license fees.]

Previous Legislative Action

On June 13, 1985, the Senate passed a two-year authorization for the NRC, for fiscal years 1986 and 1987 (S. 895, reported by the Committee on Environment and Public Works on May 15, 1985). This bill, which is now pending before the House, authorizes $437 million in funds for the NRC for fiscal year 1987.

In addition, the House and Senate conferees on the omnibus reconciliation bill agreed in December of last year to a provision authorizing the Commission to assess and collect annual charges from its licensees in an amount that, when added to other amounts collected by the NRC, shall not exceed 33 percent of the NRC's budget for each fiscal year. Assuming the current level of NRC expenditures, this is expected to result in the collection of additional fees in an amount up to approximately $80 million per year. The charges assessed pursuant to this authority must be reasonably related to the regulatory service provided by the Commission, and are to fairly reflect the cost of the Commission of providing such service. This provision establishes a standard for the assessment of fees that is separate and distinct from the NRC's existing authority under the Independent Offices Appropriation Act of 1952, in order to permit the NRC to recover more fully the costs associated with regulating various categories of NRC licensees. The provision is not intended, however, to authorize the NRC to recover any costs that are not reasonably related to the regulatory service provided by the Commission, nor is it intended to authorize the Commission to recover any costs beyond those that, in the judgment of the Commission, fairly reflect the cost to the Commission of providing a regulatory service. Furthermore, under this provision, the Commission may assess and collect annual charges from its licensees only after the expiration of 45 calendar days following receipt by the Congress of a report by the Commission regarding its authority to collect annual charges prior to the enactment of the reconciliation bill, including the authority provided pursuant to the Independent Offices Appropriation Act of 1952. The Commission's report must be completed and submitted to the Congress within 90 days after enactment of the reconciliation bill. In addition, the Commission must promulgate rules, after notice and opportunity for public comment, establishing the amount of the charges to be assessed pursuant to this authority, before any such charges may be assessed. The conferees agreed that, because certain Commission licensees, such as universities, hospitals, research and medical institutions, and uranium producers have limited ability to pass through the costs of these charges to the ultimate consumer, the Commission should take this factor into account in determining whether to modify the Commission's current fee schedule for such licensees. This compromse provision, which is contained in section

7601 of H.R. 3128, is still pending before the Congress. [The Committee notes that the agreement reached by the conferees in December, in the context of the Congress' consideration of the reconciliation legislation pending before the Congress at that time, may warrant reconsideration in the event that the reconciliation legislation is modified in any significant manner. In addition, the Committee notes that the approach agreed to by the conferees, if enacted, may require further modification, based upon the report to be submitted to the Committee by the Commission, discussed below.]

The Committee's Recommendation

The Committee recommends $416.0 million for salaries and expenses of the NRC for fiscal year 1987. This amount represents a $21 million reduction in the amount already authorized by the Senate in the Commission's authorization bill for fiscal years 1986 and 1987 (S. 895). The recommended funding level reflects a "current services" budget for the Commission for fiscal year 1987, based upon a fiscal year 1986 funding level of $400 million (the amount available to the Commission after the 4.3-percent reduction required pursuant to P.L. 99-177).

In this regard, the Committee notes, with some concern, that the funds appropriated to the Commission in recent years have declined precipitously, from $465 million in fiscal year 1984 to $400 million in fiscal year 1986. As in the past, the Committee is committed to looking for additional economies beyond those already included in the Commission's request, that may permit the NRC to carry out its statutory responsibilities in the most efficient and effective manner, consistent with protection of the public health and safety. Indeed, the Commission testified at a hearing before the Committee on February 19, 1986, that a number of steps have been taken or are contemplated to realize such additional economies. The Committee commends the Commission for these steps.

On the other hand, however, the Commission is responsible for carrying out a wide range of activities essential to ensuring that the use of source, special nuclear, and byproduct material is regulated in a manner that adequately protects the public health and safety. In this regard, important new responsibilities have been assigned by the Congress to the Commission under the recently-enacted "Nuclear Waste Policy Act of 1982" and the "Low-Level Radioactive Waste Policy Amendments Act of 1985." These new statutory responsibilities, together with the Commission's continuing responsibilities under the Atomic Energy Act of 1954, as amended, to regulate facility and materials licensees, must, in the judgment of the Committee, be adequately funded. Accordingly, based upon the request submitted by the Administration, and after a careful evaluation of the activities and programs to be carried out by the Commission in fiscal year 1987, the Committee is recommending a "current services funding level of $416 million for fiscal year 1987.

The Committee is sensitive to the urgent need to achieve significant reductions in the Federal deficit. Accordingly, the Committee has asked the Commission to submit by April 1, 1986, a comprehensive report on alternative approaches to funding the programs and

activities of the Commission, including the Administration's proposal that the NRC impose a fee of $500 per million watts of rated thermal capacity on all operating nuclear powerplants, in partial recovery of NRC's costs for regulating those plants, as well as other alternatives, such as use of the Nuclear Waste Fund to pay for those Commission expenses related to implementation of the "Nuclear Waste Policy Act of 1982." The report to be submitted by the Commission is to include an evaluation of the various alternative approaches, including the amount that will be generated by each such approach, a detailed discussion of the advantages and disadvantages of each such approach, the Commission's recommendation on each such approach, and, where the Commission endorses a given approach, draft legislative language to implement that approach. The Committee has specificially requested the Commission to structure each such approach in a manner that will ensure that three objectives are achieved:

(1) the funding mechanism should ensure that there is a reasonable and equitable relationship between the fee assessed and the benefit or service provided;

(2) the funding mechanism should provide some form of budgetary "credit" to the Commission for the fees assessed, so that such fees are applied to NRC activities and programs for which the collection of such fees can be justified, rather than simply applying the funds collected to reduction of the Federal deficit by depositing them directly in the General Fund of the U.S. Treasury; and

(3) the funding mechanism should avoid or minimize any regulatory conflict of interest.

Upon receipt of the Commission's report, the Committee intends to examine the approaches recommended in careful detail and to determine at that time which, if any, of the approaches should be pursued. With regard to the various approaches that have been discussed to date, one of the options, use of the Nuclear Waste Fund to pay for Commission expenses associated with implementation of the "Nuclear Waste Policy Act of 1982," is of special interest to this Committee in light of the importance of the nuclear waste program and because of this Committee's longstanding and active interest in this legislation—an interest that extends not only to the formulation of the initial Act, but to the day-to-day implementation of this program, as well. In order to ensure that this program is carried out in a successful manner, the Committee is most interested in ensuring that adequate funding is available for both the Department of Energy and the Nuclear Regulatory Commission to meet their respective statutory obligations under this Act. In this regard, the Committee wishes to emphasize that in the event that use of the Nuclear Waste Fund is pursued by the Committee as a means of funding the Commission's activities under the "Nuclear Waste Policy Act of 1982," it is essential that sufficient funds be appropriated by the Congress to the Nuclear Waste Fund to cover the programmatic expenses of the Department of Energy, as well as such expenses of the Nuclear Regulatory Commission as may be necessary for the Commission to carry out its statutory obligations under the Act.

FISH AND WILDLIFE SERVICE

SUMMARY

The President's fiscal year 1987 budget request for appropriations to the U.S. Fish and Wildlife Service (FWS) is $295,385,000, a 23-percent reduction of $86,145,000 from the appropriations enacted by Congress for the current fiscal year 1986 and a 19-percent reduction of $69,793,000 from the 1986 spending levels adjusted by P.L. 99–177. In addition, the President's budget proposes a rescission of $4,951,000 in land acquisition for the current fiscal year 1986. The Committee recommendation for the FWS programs subject to appropriations (excluding land acquisition from the Land and Water Conservation Fund) is $319,036,000, which is the current services level for fiscal year 1987. The total fiscal year 1987 budget request for the FWS, excluding land acquisition but including an estimated $286 million from permanent accounts, under the President's proposal and under the Committee's recommendation is $579.9 million and $605.0 million, respectively.

BACKGROUND

The U.S. Fish and Wildlife Service (FWS) has principal responsibility and authority for migratory birds; threatened and endangered species, certain marine mammals, and lands controlled by the Service under the Migratory Bird Treaty Act, the Endangered Species Act, the National Wildlife Refuge System Administration Act, the Fish and Wildlife Coordination Act and other statutes within the Committee's jurisdiction. The FWS manages a National Wildlife Refuge System consisting of 433 refuges, 152 waterfowl production areas, and 58 wildlife management areas totaling 90 million acres. The Service also operates 73 fish hatcheries and 11 laboratories.

Despite the FWS' increasing responsibilities to manage and protect fish and wildlife and their habitats under these statutes, the President's budget proposal for fiscal year 1987 would reduce the amount of funds appropriated to the fiscal year 1983 level. While the Committee recommendation of $319,036,000 for the FWS programs subject to appropriation (excluding the land acquisition account) is $22,151,000 higher than the President's budget proposal, the recommended funding level is more than $21 million under the amount appropriated by Congress for fiscal year 1986 and more than $35 million less than the fiscal year 1985 funding level. The justification and allocation of the Committee's recommended funding for the FWS programs for fiscal year 1987 is provided below.

Resource Management

The Resource Management category comprises the largest segment of the Fish and Wildlife Service budget. The fiscal year 1987 request for this category is $285.1 million, a decrease of $14.3 million from the amount appropriated for fiscal year 1986. The Committee recommendation is to provide $297.3 million for Resource Management and to divide the $12.2 million increase among the following programs:

Habitat Resources.—It is recommended that funding of Habitat Resources programs be increased by $850,000 above the President's request of $49.07 million. Of this increase, $250,000 should be allocated for the new activities that will be required of the FWS Ecological Services program with enactment of the conservation provisions of the Food Security Act of 1985 (P.L. 99–198). Funding for the Cooperative Research Unit program should be restored to the fiscal year 1986 level by adding $600,000 to the President's request. This program already has been cut by approximately 25 percent through combination of the Fisheries and Wildlife Units and should not be subject to further reductions. In fiscal year 1987, FWS will require $5.2 million to meet the commitments it made to at least 13 cooperating States (including South Dakota, Maine and Colorado) on providing personnel at newly combined units.

Wildlife Resources.—An increase $3.45 million above the President's budget is recommended for the programs within Wildlife Resources. Of this increase, $300,000 should be allocated to continue the Service's arctic goose education program. Additional funding of $1.0 million is recommended to support FWS efforts to develop Comprehensive Conservation Plans for Alaskan refuges, as required by the Alaska National Lands Act of 1980. To fulfill our responsibilities under the Convention on Nature Protection and Wildlife Preservation in the Western Hemisphere, an increase of $150,000 is recommended. An increase of $1.5 million is recommended to take the corrective actions and conduct the monitoring and analysis of impacts identified in the recent FWS report on "Contaminant Issues of Concern on National Wildlife Refuges." Finally, an additional $500,000 is recommended for Wildlife Resources Research and Development to fund research on nongame migratory birds.

Endangered Species.—The President's budget request for the FWS endangered species program is $5.8 million below the adjusted 1986 appropriation. The Committee recommendation is to provide $24.635 million for FWS endangered species effort and $6 million for the section 6 cooperative program with the States. That recommendation is $7.475 million above the President's proposal for fiscal year 1987 and a $1.644 million increase to the adjusted fiscal year 1986 spending level. The Committee has approved legislation (S. 725) to continue the Federal commitment to the conservation of endangered and threatened species by increasing the authorization levels for appropriations to implement the Endangered Species Act. The fiscal year 1987 authorization level approved by the Committee is $31 million for FWS and $10 million for the section 6 program.

The recommended increase for FWS will provide an additional $500,000 each for listing and consultation, $275,000 for recovery ef-

forts on behalf of the Aleutian Canada goose, Guam birds, and red wolf, and $200,000 for research on captive breeding of black-footed ferrets and whooping cranes.

The President's proposed budget seeks no funding for the section 6 cooperative program with the States, a $4.2 million reduction from the adjusted appropriation for fiscal year 1986. It is recommended that this funding be restored and that an additional $1.8 million be appropriated to provide a total of $6 million ($4 million less than the amount authorized by the Committee for fiscal year 1987) to assist the States in implementing recovery programs.

Fishery Resources.—The President's budget request is approximately $350,000 below the adjusted appropriation for fiscal year 1986. The Committee recommendation is to provide $360,000 above the level in the President's proposal, which would continue funding for the Fishery Resources program at the level appropriated for fiscal year 1986 after the cancellations mandated by P.L. 99–177.

It is recommended that the funds for operation of the aquaria and visitor facilities at the Dexter NFH, New Mexico ($14,000) and Gavins Point NFH, South Dakota ($46,000) be restored. An increase of $300,000 also is recommended for Refuge Fishery Management. Currently, only about $150,000 is available to develop fishery management plans for the more than 400 National Wildlife Refuges in the lower 48 States. This funding will go to only nine refuges in fiscal year 1987. At least 200 refuges should be open to fishing, and of these, 140 refuges are in need of fishery management plans.

General Administration.—A decrease in the General Administration account is recommended to reflect the loss of the Animal Damage Control program. This program was transferred to the Department of Agriculture in the Continuing Resolution for 1986, and had constituted approximately seven percent of the Service's budget.

Construction and Anadromous Fish

The President's fiscal year 1987 budget proposal for Construction, which is $17.1 million below the amount appropriated for fiscal year 1986 after adjustment by P.L. 99–177, is accepted.

The Committee will consider legislation (S. 1813) this year to extend the Emergency Striped Bass Study under section 7 of the Anadromous Fish Conservation Act. If this study is continued, an additional $500,000 will need to be appropriated for fiscal year 1987.

Land Acquisition

Because the Committee has jurisdiction over legislation authorizing establishment of National Wildlife Refuges and acquisition of endangered species habitats, the following views are offered on appropriations for land acquisition by the FWS. The President's fiscal year 1987 budget request proposes no funding for acquisition of National Wildlife Refuge lands and is $37.2 million below the adjusted fiscal year 1986 spending level. It is recommended that acquisition to complete refuges and protect endangered and threatened species be continued at approximately the current services spending level.

Migratory Bird Conservation Account—Advance

Approximately $10.6 million remains available for advance to the Migratory Bird Conservation (Duck Stamp) Fund for wetlands acquisition under the Wetlands Loan Act. The President's budget does not propose to advance any of these funds for fiscal year 1987. After adjustment by P.L. 99–177, $14.3 million has been advanced from Wetlands Loan Act Fund for wetlands acquisition in fiscal year 1986. It is recommended that all of the remaining Wetlands Loan Act funds ($10.6 million) be advanced through appropriation. In 1976, FWS determined that 1.95 million acres needed to be acquired to maintain waterfowl populations at the levels that existed in the late 1950's. However, in the last nine years only 435,000 acres have actually been purchased. The current rate of wetlands destruction and land price increase requires that we not diminish our wetland acquisition efforts.

The Committee will consider legislation this year, the Emergency Wetlands Resources Act (S. 740), which will increase the price of the Migratory Bird Conservation Stamp, extend and forgive repayment of advances under the Wetlands Loan Act, and provide other funding sources to increase the Migratory Bird Conservation Fund by approximately $15 million annually.

National Wildlife Refuge Fund

Payments to counties containing FWS lands will total $10.2 million in the President's budget proposal for fiscal year 1987. Of this amount, $5.6 million is requested in appropriations and $4.6 million is available for obligation in net receipts from sale of timber, oil, gas, minerals, fur and grazing privileges. The President's appropriation request is $275,000 above the adjusted fiscal year 1986 spending level.

The $10.2 million requested, however, will provide only 58 percent of the amount that the FWS is required to provide to the counties under the Refuge Revenue Sharing Act. Failure to provide full payment to counties has impeded FWS efforts to protect important migratory bird habitat in the prairie pothole region in the north central U.S. Therefore, it is recommended that an additional $1.0 million be provided for payments to counties in fiscal year 1987. This increase in FWS' appropriated payments to counties will provide 64 percent of the full payment due to counties.

Permanent Accounts

The President's budget request for fiscal year 1987 estimates that approximately $286 million will be available from permanent accounts, $16 million more than for fiscal year 1986. The request, however, proposes more than a 50 percent reduction in the number of FTE's allocated to the Federal Aid in Wildlife (Pittman-Robertson) and Sport Fish Restoration (Dingell-Johnson) programs. The FWS is required by the statutes establishing these programs to provide review and approval for each project proposal submitted by a State unless the State has an approved long-range resource conservation plan. Only five States have such plans. Therefore, it is recommended that the FWS continue to allocate the present number

of FTE's to the Federal aid programs to provide the required Federal overview of projects submitted by States without approved conservation plans.

It also is recommended that the FWS continue to use administrative funds available under the Federal aid programs to publish the National Survey of Hunting and Fishing. The funds saved by elimination of this project ($5.8 million), as proposed in the President's fiscal year 1987 budget, would still be expended by allocation to the States. The States would rather have the project continued than have the additional allocation. Consequently, the proposal results in no savings and controverts the wishes of the States meant to be served by the Federal aid programs.

TENNESSEE VALLEY AUTHORITY

The Committee is recommending a $104 million level for fiscal year 1987 for appropriated programs of the Tennessee Valley Authority. This amount represents continuation of services at the fiscal year 1986 level, assuming reductions required by P.L. 99-177 for fiscal year 1986.

The natural resources research and development programs of TVA, which are funded out of appropriations, produce results that have application nationwide. Examples of these programs are work in reservoir release improvement, wildlife and forest resources, ground water protection, nonpoint source water pollution control, and acid rain research and control technology. Also, the Land Between the Lakes, a 170,000 acre facility in Tennessee and Kentucky, is a unique national laboratory for integrated resource management and environmental education. Funding adequate to maintain these programs at fiscal year 1986 levels is strongly recommended.

In addition, TVA's fertilizer research and agricultural resources work deserve continued support as their benefits extend beyond the TVA region to the rest of the Nation.

COUNCIL ON ENVIRONMENTAL QUALITY

The Committee recommends that the Council on Environmental Quality be funded at $820,000 in fiscal year 1987, the level included in the President's budget. This represents a 22 percent increase above the fiscal year 1986 level after reductions pursuant to P.L. 99-177, the Balanced Budget and Emergency Deficit Control Act of 1985.

The additional resources will enable the Council to bolster technical and scientific expertise. The budget proposal includes plans to hire two environmental specialists with scientific training and a specialist to assist in technical assessment of environmental impact statements. These hirings will bring the Council to its authorized level of 13 full time staff.

The Council is charged with a number of unique and important functions. The Committee fully endorses the request for additional resources to adequately carry out its mandate.

DISASTER RELIEF

Expenditures for disaster relief are difficult to estimate in advance because disasters cannot be predicted either in number or severity. Both the Office of Management and Budget and the Congressional Budget Office (CBO) rely upon historical averages to estimate future budget demands. Disaster relief expenditures are a volatile portion of the Budget. In an "average" year, new obligations of about $300 million are made by the Federal Emergency Management Agency (FEMA) for disaster relief.

The CBO estimates that $121 million in new appropriations will be required to sustain current services in fiscal year 1987. This figure assumes a balance or carryover of unused resources in the President's Disaster Relief Fund at the end of 1986 of about $114 million. In addition, it is estimated that "recoveries" (such as repayment of loans) will add $77 million to the Fund.

The President's 1987 Budget requests $100 million be appropriated for 1987, and the Administration proposes several important policy and statutory changes to commence in 1987. Proposed administrative and regulatory changes could save up to $90 million a year. These changes include revisions to the criteria for determining a State's capability to respond to disasters without Federal assistance, resulting in fewer disaster declarations and savings approximating $16 million a year.

Under the Administration's proposed reforms, cost sharing for public assistance will be revised to require State and local governmental jurisdictions to share the cost of repair or replacement of public facilities on a sliding scale (based on the degree of disaster damage). The overall effect would be to create an average cost-sharing ratio of about 50-percent Federal–50-percent State and local for public assistance activities. In comparison, current policy requires a 75-percent Federal–25-percent State and local cost share. Since public assistance expenditures constitute the majority of disaster relief costs, this new rulemaking could reduce annual obligations by up to $65 million. Finally, the Administration plans to submit legislative initiatives to the Congress that, if enacted, would save an estimated $7.5 million per year. New cost-sharing requirements for individual assistance (for temporary housing, unemployment compensation, and crisis counseling) are among suggested amendments to the law.

The reliability of the budget estimate for 1987 is contingent upon (1) receipt of a $250 million supplemental appropriation in 1986, (2) success in implementing the proposed rulemaking, and (3) correctness of the assumption that the remainder and of 1986 and 1987 will be roughly average in terms of the number and severity of disasters. In this regard, it is noteworthy that the recent flooding in

northern California, Oregon and Nevada (budgetary consequences are not yet known) could affect the integrity of the estimates if the flood damage turns out to be widespread and severe.

NATIONAL COUNCIL ON PUBLIC WORKS IMPROVEMENT

The Council was established by law in 1984, and the members were appointed in 1985. Because of the importance of the Council's mission in analyzing the Nation's infrastructure needs and recommend options for meeting those needs in more cost effective manner, the Committee recommends that $3.5 million be appropriated to the Council in fiscal year 1987. This will assure adequate funding to enable the Council to complete its study by 1988.

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS NARRATIVE STATEMENT ON RECOMMENDED SPENDING LEVELS

Recommended Decreases

Construction Grants.—The Committee has reported and the Senate has adopted legislation, S. 1128, that provides an authorization for the wastewater treatment construction grants program of $2.4 billion through 1991. Beginning in 1989 under the Senate bill, some portion of these funds are placed in State revolving funds for wastewater treatment programs. The revolving fund provides a transition to a complete termination of the Federal role in municipal wastewater treatment.

The authorization included in S. 1128 are substantially below the current services level for this program in the CBO baseline which begins at $2.505 billion in 1987 and rises to $3.089 billion in budget authority in 1991.

Water Resources.—The Senate is expected to consider S. 1567 at an early date. This bill, the Water Resources Development Act of 1985, includes significant policy reforms which will allow the Nation to proceed with construction of important water projects, while at the same time reducing the Federal cost of these projects from levels that would have been experienced under past policies.

The CBO current services baseline for water resources is $2.983 billion for 1987, whereas the legislation reported by the Committee would fund the same accounts at a Federal cost of only $2.856 billion. Budget authority continues at levels below the CBO baseline through the 1991 fiscal year.

Federal-Aid Highways.—The Committee is preparing to report a new highway bill in the first few weeks of the second session of the 99th Congress. This bill will be substantially below the current services baseline for budget authority in the highway program. At the present time, the Committee is projecting that actual obligations from the Highway Trust Fund will be approximately $13.2 billion per year through 1991.

Disaster Relief.—In accordance with the President's request for fiscal year 1987, the Committee recommends new budget authority of $100 million for the Disaster Relief program. This is substantially less than the appropriations necessary in previous years and less than the current services baseline projected by CBO for 1987.

Recommended Increases

Superfund.—The Committee is recommending substantial increases in the budget authority available to the Superfund both as compared to current law and as compared to the current services

baseline projected by the Congressional Budget Office. It is important to note, however, that these increases will have no impact on the budget deficit, as Superfund is financed from a dedicated tax.

The Senate has passed legislation that would provide $7.5 billion for Superfund over a five-year period. Therefore, the Committee is projecting new budget authority of, at least, $1.5 billion per year in the years 1987 to 1991. Legislation passed by the House includes a somewhat higher level of authorizations over the same period.

The Committee is recommending no changes from the current services baseline projected by the Congressional Budget Office for credit programs that are within the Committee's jurisdiction.

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